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ACSI: Major Improvements for Cable TV, Wireless and Fixed-Line Telephones Offset by Drop in Hospital Satisfaction

Big Gains for Microsoft, Sprint Nextel, AT&T, Charter, DISH, CMS Energy and NiSource

ANN ARBOR, Mich., [May 18, 2010]—Customer satisfaction with the goods and services that Americans buy and consume is steady for the first quarter of 2010, according to the American Customer Satisfaction Index (ACSI). Although the national index is unchanged at 75.9 on ACSI's 100-point scale, its level remains high and almost every industry has improved. Were it not for a slump in satisfaction with hospital care, the overall index would be higher than the previous quarter.

“Following the weakening in customer satisfaction in the latter half of 2007 through late 2008, American businesses have responded to the recession by increasing or stabilizing customer satisfaction,” said Claes Fornell, founder of the ACSI and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. “There have been far more ACSI gainers than losers. Customer service has improved and buyer value for money is rising. The progress in customer satisfaction is also reflected in growing consumer demand and spending—a key for the economic recovery to be sustainable.”

For its May 2010 release, ACSI measures customer satisfaction with the quality of products and services in the utilities, information, and health care and social assistance sectors.

Cable & Satellite Television: Verizon FiOS and AT&T U-verse Debut on Top

Customer satisfaction with cable and satellite TV rises to its highest level in 10 years, up 5% to 66, with nearly all companies registering improvements. ACSI measures the relatively newer fiber-optic providers for the first time, and both Verizon's FiOS and AT&T's U-verse lead the way with scores of 73 and 72, respectively. Satellite TV still leads over traditional cable, with DISH Network soaring 11% to 71 to overtake rival DIRECTV for the first time since 2005. DIRECTV falls 4% to 68 as aggressive pricing promotions by DISH—coupled with a price increase by DIRECTV—has the two satellite TV providers moving in opposite directions.

All four of the largest cable providers show some improvement. Charter Communications makes the biggest leap, gaining 18% to 60. Although this is still not enough to pull Charter out of last place, the company is now statistically tied with

Comcast and Time Warner Cable, both up 3% to 61. Cox Communications gains 2% to 67 to lead all traditional cable companies for a seventh straight year.

“Having enjoyed near-monopoly status in most areas for many years, cable companies had little incentive to provide quality services at a good price,” said Fornell. “Now that satellite and fiber-optic TV providers have created a competitive challenge to cable, the cable companies have started to step up customer service and realize some gains in customer satisfaction, but they still remain far behind both satellite and fiber-optics.”

Telephone Service: Both Wireless and Fixed-Line Dialing Up Higher Satisfaction

Traditional local and long distance service improves 4% to 75, the highest level in more than a decade. AT&T is on top after a 6% surge to 75, followed closely by Cox Communications, unchanged at 74, and Verizon, up 3% to 73. CenturyLink and Comcast round out the bottom of the industry, with CenturyLink gaining 3% to 70 and Comcast rising 2% to 68.

Customer satisfaction with wireless telephone service sets a new all-time high for the second consecutive year, rising 4% to 72. With wireless looking to be the future of telephone service, providers are ramping up efforts to provide new services, simplified usage plans, and better pricing. T-Mobile gains 3% to 73, tying for the lead with Verizon Wireless, which dips 1%. AT&T Mobility improves 3% to 69. Two years after the iPhone was introduced as an exclusive product, AT&T seems to have made strides to relieve some of the strains on its network caused by the rapid influx of iPhone customers.

Sprint Nextel has the largest improvement, gaining 11% to 70 a year after a similarly large 13% jump, pushing the wireless carrier from well below to very close to the industry average.

Healthcare: Hospitals Take a Turn for the Worse

Hospitals are taking it on the chin as the quality of inpatient healthcare and emergency room services declines. The hospital industry plunges 5% to 73, its lowest level in five years. Outpatient care at hospitals remains steady, but sharp drops for inpatient and ER services has taken a big toll. By contrast, patient satisfaction with office visits to healthcare professionals such as doctors, dentists, and optometrists is steady and scores much higher at 81.

“The downturn for hospitals suggests that initiatives to improve the quality of care have not had the desired effect,” said Fornell. “A combination of a greater focus on outpatient treatments and an increase in the number of after-hours facilities as an alternative to ERs may help relieve some of the pressure on hospitals and reverse or at least slow the downturn in patient satisfaction.”

Computer Software: Microsoft Soars with Windows 7

Customer satisfaction with all types of software for personal computers rises 1% to 76, an all-time high for the category. Microsoft improves 9% to tie the industry average at 76, also an all-time high for the largest software maker. After consumers struggled with its Windows Vista software, Microsoft’s release of the Windows 7 upgrade in the fall of 2009 came as a breath of fresh air. Microsoft has parlayed high volume sales of a better quality product into a big boost in customer satisfaction.

Energy Utilities: Stable Pricing Equals Steady Satisfaction

Customer satisfaction with energy utilities is steady at 74 for a third straight year. Prices for both natural gas and electricity have been pretty stable and moderate weather conditions in much of the U.S. have kept power and heating usage at average levels. Sempra Energy strengthens its position atop the industry, improving 4% to 83, followed by MidAmerican Energy, unchanged at 79. NiSource and CMS Energy make the biggest gains, up 7% to 76 and 75, respectively.

Moving in the opposite direction is PPL Corporation, falling 6% to 74 after a new rate hike took effect in January 2010 that raised prices by as much as 30%. Xcel Energy declines nearly as much, dropping 5% to 72, while PG&E falls 4% to 70. Overall, two-thirds of the measured utilities have either some improvement or are unchanged.

About ACSI

The American Customer Satisfaction Index is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The national index is updated each quarter; however, starting with May 2010, new measures for different sectors of the economy will be released on a monthly basis to provide more current data. The overall ACSI score factors in scores from more than 200 companies in 44 industries and from government agencies over the previous four quarters. The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. ACSI can be found on the web at www.theacsi.org.

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